

## PUBLIC HEARING

JUNE 10, 2014

A public hearing of the Council of the County of Kaua'i was called to order by Mason K. Chock, Sr., Chair, Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee, on Tuesday, June 10, 2014, at 1:37 p.m., at the Council Chambers, 4396 Rice Street, Room 201, Historic County Building, Līhu'e, and the presence of the following was noted:

Honorable Mason K. Chock, Sr.  
Honorable Gary L. Hooser  
Honorable Ross Kagawa  
Honorable Mel Rapozo  
Honorable JoAnn A. Yukimura

Excused: Honorable Tim Bynum  
Honorable Jay Furfaro

The Clerk read the notice of the public hearing on the following:

"Bill No. 2546 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES,"

which was passed on first reading and ordered to print by the Council of the County of Kaua'i on May 28, 2014, and published in The Garden Island newspaper on May 30, 2014.

The following communications were received for the record (*see Bill No. 2546 testimony log*):

1. Arakawa, David Z., dated June 6, 2014
2. Blachowiak, Debra, dated June 9, 2014
3. Enright, Scott E., dated June 10, 2014
4. Goldstein, Cindy, dated June 10, 2014
5. Nakatani, James, dated June 10, 2014
6. Okamoto, Charles, dated June 9, 2014
7. Rose, Bryna, dated June 9, 2014
8. Shigemoto, Tom, dated June 10, 2014

The hearing proceeded as follows:

SCOTT K. SATO, Council Services Review Officer: Committee Chair, we received eight (8) pieces of written testimony; two (2) in support, four (4) in opposition, and two (2) providing comments. We also have two (2) registered speakers. The first registered speaker is Jerry Ornellas representing the Kaua'i County Farm Bureau, followed by Harvest Edmonds.

Mr. Chock:  
come up to speak?

Thank you. Mr. Ornellas, would you like to

There being no objections, the rules were suspended.

JERRY ORNELLAS: Good afternoon. Jerry Ornellas. I am here representing the Kaua'i County Farm Bureau. Thank you for hearing my testimony. I am here to testify against Bill No. 2546, for the record. I am sure you are all aware of the last United States Department of Agriculture (USDA) Census of Agriculture. Here on Kaua'i, we have lost over seven thousand (7,000) acres of agricultural lands that were formally in production. Some of that is attributable to Gay & Robinson going out of business, but not all of it. It is not just the large farm operations. Those farms that are one (1) to nine (9) acres in size— we lost twenty-eight percent (28%) of those farms. The point I was trying to make is the climate on Kaua'i right now is not very conducive to agriculture and I am not talking about the weather. I am talking about the business environment right now. We have to work hard to replace those acres and I do not think this particular piece of legislation is going to help. Furthermore, the Farm Bureau represents all types of agriculture. We do not believe in discriminating or in pidgin holding any one type of agriculture and singling it out for special treatment. I think that is a slippery slope and once we start going down that road, you are going to get other people petitioning you for relief. We are hearing about organic farming wanting special treatment regarding taxes, agro forestry, food forest; they are all going to be knocking on your door. I think you need to really consider this before passing this piece of legislation. Also, something interesting is starting to happen with these lands used by the seed growers and that is that we are now seeing some mixed use. As you are all aware, there is a large sweet potato farmer now that is using land on a rotational basis up to three hundred (300) acres, planting thirty (30) acres at a time. This is something that the Farm Bureau supports. If nature abhors a vacuum, then so does agriculture. We think these lands should be put into as much productive use as possible and if we start getting these mixed uses, which we support, then how do we separate the research part of it from the production side of it? I respectfully ask for your consideration in voting this measure down. Thank you very much.

Mr. Chock: We have a question from  
Councilmember Yukimura.

Ms. Yukimura: Thank you. Hi, Jerry.

Mr. Ornellas: Good afternoon.

Ms. Yukimura: Thank you for being here. You said that the  
USDA statistic about a reduction of farms on Kaua'i...

Mr. Ornellas: Planted acreage, yes.

Ms. Yukimura: Planted acreage, okay. Part of it was due to  
Gay & Robinson going out?

Mr. Ornellas: I believe so because these statistics actually  
go back to 2007. I think the period that they covered was 2007 to 2012. I believe  
that is the period that is covered.

Ms. Yukimura: I see. The seed/corn company that is now  
leasing those acreages are not covered in this survey in all likelihood?

Mr. Ornellas: Not after 2012, I do not think it is covered; however, the nature of the seed industry is that they do not plant their total acreage, as you are well aware. I think that these statistics only reflect planted acreage. If you are in a fallow period, I do not believe they count those acres that are fallow or not actually in production at the time the census was taken.

Ms. Yukimura: That would be questionable statistics then because "fallow" means that it is in production to the extent that it is part of a sequence, right?

Mr. Ornellas: Yes...

Ms. Yukimura: So I hope they do not not count fallow lands that are part of a cycle. I guess we can inquire further about that. Then these three hundred (300) acres of sweet potato... that is really interesting news to me. I heard something about it. You are saying that there now will be a three hundred (300) acre sweet potato farm that is growing thirty (30) acres at a time?

Mr. Ornellas: Yes, so it will not be a specific location like, "Okay, here are three hundred (300) acres."

Ms. Yukimura: I see.

Mr. Ornellas: They will be doing it in rotation.

Ms. Yukimura: Intercropping with seed/corn...

Mr. Ornellas: Yes, because they have long periods of fallow.

Ms. Yukimura: I see.

Mr. Chock: Can we just make sure that we are clarifying any questions and not having full discussions here.

Ms. Yukimura: Thank you. I am trying to address his issue of how you classify these lands if they are mixed use and I am curious about the extent of... how much of mixed use there is going to be.

Mr. Ornellas: Yes. This is just beginning to happen. This is something new. Historically, especially from the Farm Bureau's perspective, the plantations rarely cooperated, as you are aware. They rarely cooperated with small farmers. We would get irrigation water from them, which we pay for delivery and that would be about the extent of the corporation between the plantation and the small farmers. They kind of stayed away from small farms and were not very supportive of small agriculture. We are hoping that will change. I think we see that happening now where these large entities will be working with smaller farmers.

Ms. Yukimura: I just want to know if the end in mind or the end result that people are envisioning—I recognize that this is sort of experimental, but that there might be like three hundred (300) acres of sweet potato at any one time being grown there in the long-term. Is that the vision?

Mr. Ornellas: I would address those questions to Mr. Nakatani at the Agribusiness Development Corporation.

Ms. Yukimura: Okay. Thank you very much.

Mr. Chock: Councilmember Hooser.

Mr. Hooser: Good afternoon.

Mr. Ornellas: Good afternoon.

Mr. Hooser: I know you rather be on the farm than be here.

Mr. Ornellas: Yes. Thank you.

Mr. Hooser: I just have a quick question. As you know, the way that the tax structure is setup now, there are different categories. We have Hotel and Resort category and a Vacation Rental category. Some places have Timeshares as a separate category. Those are all three, one could argue, that are Resort, but they all three have different impacts and different tax rates. We have Commercial and Industrial— again, similar uses, but different rates. Owner Occupied Homes and Rental Homes— they are both homes, but they have different impacts and different reasons. My question is that right now, agriculture is all lumped into one “barrel,” so to speak, and I know the Farm Bureau supports all agriculture and does not discriminate, but I would think that different types of agriculture have different impacts in the community. You are talking about food forest or organic— they would be general, if you would, on the soil, in the water and high intensive industrial agriculture be less general. There seems like on a public policy perspective that it makes some sense to differentiate between those two when it comes to tax policy. Can you comment on that?

Mr. Ornellas: As a business person... and farmers are business people, we are very weary of our regulatory measures vetted against us. Thomas Jefferson said when the government directs, then we shall sow and when we shall reap, we shall soon want bread. We are concerned that we are going to get people regulating our activities who are not necessarily— I am not demeaning members of the Council in any way, but I am not necessarily experts in that particular field. I understand your point and it is well-taken.

Mr. Hooser: Thank you.

Mr. Chock: Next speaker, please.

Mr. Sato: The next speaker is Harvest Edmonds.

Mr. Chock: Ms. Edmonds said that she is going to hold her testimony at this time. Next speaker. Is there anyone else who would like to testify on this item? Seeing none, we will adjourn this public hearing.

The meeting was called back to order, and there being no further testimony on this matter, the public hearing adjourned at 1:48 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'SKS', with a stylized flourish at the end.

SCOTT K. SATO  
Council Services Review Officer

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